

# City Natural Resources High Yield Trust

(as at 31 October 2018)



FACTSHEET | November 2018

**Launch Date**

- August 2003

**Total Gross Assets**

- £92.0m

**Ordinary Share**

- Net Asset Value (bid price): 116.67p
- Mid-Market Price: 99.90p

**Yield (estimated)**

- 5.61%

**Gearing**

- 15.84%

**Discount**

- (14.37%)

**Annual Management Fee**

- 1.2% p.a. (on adjusted net assets)

**Ordinary Shares**

- Bloomberg: CYN LN
- Reuters: CYN.L
- Sedol: 0035392

Financial Times  
(Investment Companies)

**Capital Structure****Ordinary shares:**

- 66,888,509

**Net Assets:**

- £78,038,434

At 31 October 2018, gearing stood at 15.84%. The Company held £1.6m of cash.

**Financial Calendar****Year End**

- 30 June

**Results Announced**

- Finals: October
- Interims: February

**AGM**

- December

**Ordinary Share Dividends**

- 2012/13 Total 5.50p
- 2013/14 Total 5.60p
- 2014/15 Total 5.60p
- 2015/16 Total 5.60p
- 2016/17 Total 5.60p
- 2017/18 Total 5.60p

**2018/19**

- Dividend target of 5.60p announced for year
- 1.26p 1<sup>st</sup> interim: Payable 30 November 2018

**Investment Objective**

The investment objective of the Company is to provide shareholders with capital growth and income predominantly from a portfolio of mining and resource equities, and of mining, resource and industrial fixed interest securities.

**Investment Manager Comment<sup>2</sup>**

The Fund NAV declined to 116.7p as commodities weakened along with broader markets, due to concerns over a further escalation in the US-China trade war, a 1.5% depreciation of the Yuan (which fell towards the 7/\$ level), and a quantitative tightening cycle. Despite a Tweet from Trump early November that discussions with Chinese President Xi Jinping were going well, and adding to optimism a resolution could be reached when they meet at the G20 meeting in late November, markets took a cautious view, pending the outcome of the US mid-term elections on 6 November. Trump has previously threatened to enforce tariffs on all remaining Chinese imports if a deal cannot be reached. This uncertainty has now been feeding through to the real economy with both the Chinese and US economy showing signs of a slowdown, particularly in their respective manufacturing sectors.

The Chinese finance minister stated that they will adopt a more proactive fiscal policy but will not resort to a deluge of stimulus policies as seen previously. The US Treasury Department advised Mnuchin that China is not manipulating the Yuan, but this may not persuade Trump.

Oil and Nickel saw sizeable price falls of 11% and 8% respectively, with other base metals also declining to lesser extents. Energy equities experienced the largest fall, with the fund retaining low exposure. Saudi<sup>1</sup> statement that they and their OPEC allies are in "produce as much as you can" mode to meet demand, weighed on prices.

**Ordinary Share and NAV Performance<sup>3</sup>**

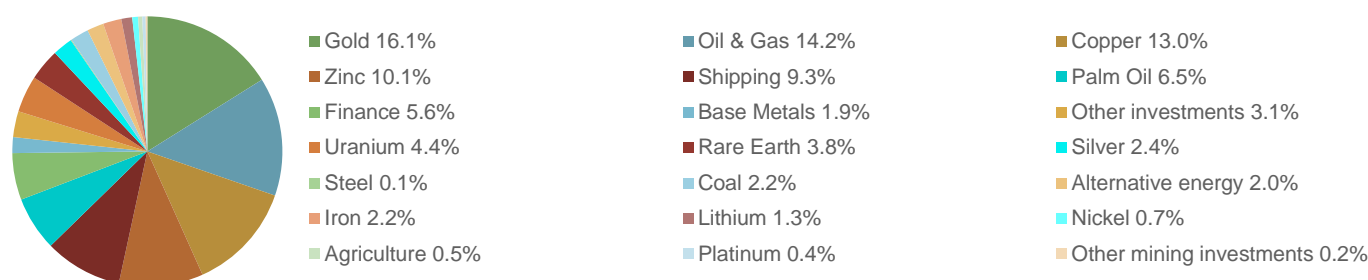
	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 1 August 2003 (%)
NAV	(8.83)	(12.89)	(13.37)	(12.84)	31.85	(10.59)	241.46
Share Price	(5.16)	(9.81)	(12.02)	(8.77)	30.44	(14.60)	205.23
Benchmark	(2.40)	(5.42)	(1.32)	1.22	71.44	23.46	279.42

Source: <sup>1</sup>Maitland Administration Services (Scotland) Limited, as at 31 October 2018. <sup>2</sup>All market data sourced from Bloomberg unless otherwise stated. All returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary. <sup>3</sup>Maitland Administration Services (Scotland) Limited, total return performance. The Company's investment benchmark is 80 per cent. Euromoney Global Mining Index (sterling adjusted) and 20 per cent. Credit Suisse High Yield Index (sterling adjusted). Performance data is calculated from 1 August 2003 (total return basis). These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

Top 20 Holdings (%)<sup>4</sup>

	% of Portfolio		% of Portfolio
First Quantum Minerals <sup>5</sup>	7.2%	West African Resources	2.7%
Rea Holdings <sup>6</sup>	5.9%	Tizir 9.5% 19/07/2022	2.5%
Ascendant Resources <sup>7</sup>	5.2%	Jacktel 7% 09/07/2019	2.3%
Trevali Mining	4.6%	Arch Coal	2.2%
Hurricane Energy <sup>8</sup>	4.5%	NexGen Energy	2.1%
BW LPG	3.3%	National Westminster Bank 9%	1.9%
ERO Copper	3.1%	Americas Silver <sup>9</sup>	1.9%
Metals X	3.0%	Central Asia Metals	1.8%
Goodbulk	2.7%	Oilflow 12% 13/01/2022	1.7%
Independence Group	2.4%	Trafigura Group 6.875%	1.4%
<b>Top 10 holdings represent:<sup>10</sup></b>	<b>41.9%</b>	<b>Top 20 holdings represent:<sup>10</sup></b>	<b>62.4%</b>

The Company has exposure to 135 issues.

Sector Split (as at 31 October 2018)<sup>10</sup>

## AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) <sup>11</sup>	Commitment Leverage (%) <sup>12</sup>
City Natural Resources High Yield Trust	115	114

Source: <sup>4</sup>Maitland Administration Services (Scotland) Limited, as at 31 October 2018. <sup>5</sup>Includes First Quantum equity valued at £5,797,542 and First Quantum CLN 7.5% 01/04/2025 valued at £700,790. <sup>6</sup>Includes REA Holdings 9% Cum Pref Shares valued at £4,867,637 and REA Finance 8.75% 31/08/2020 valued at £495,000. <sup>7</sup>Includes Ascendant Resources equity valued at £4,598,887 and warrants valued at £164,746. <sup>8</sup>Includes Hurricane Energy equity valued at £531,674 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £3,521,237. <sup>9</sup>Includes Americas Silver equity valued at £1,644,561 and Americas Silver warrants valued at £141,040. <sup>10</sup>All holdings data are rounded to one decimal place. Totals may therefore differ to sum of constituents. <sup>11</sup>CQS, as at 31 October 2018. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013. <sup>12</sup>CQS, as at 31 October 2018. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013.

### Issued Share Capital

Ordinary shares of 25p: 66,888,509

### Investment Manager Information

Ian Francis, Keith Watson and Robert Crayfourd have day-to-day responsibility for managing the Company's portfolio.

### Capital History

4 November 1994 20,000,000 ordinary shares of 25p each placed in Aberdeen Latin American Trust at 100p with 4,000,000 warrants attaching, each conferring the right to subscribe for one ordinary share of 25p for 100p. Following the June 2003 EGM, when the Company's name changed to City Natural Resources High Yield Trust, on 31 October 2003, 42,857,143 new shares were admitted to the London Stock Exchange by means of a placing at 70p each, with the subscription price for warrants being changed to 85p. 18,500 warrants were exercised in 2006, 10,000 warrants were exercised in 2007 and a further 38,586 warrants were exercised in 2008.

The final exercise date for the warrants was 31 October 2009. On 11 November 2009 3,932,914 ordinary shares of 25p each were admitted to the Official List following the exercise of 3,932,914 warrants. Trading on these additional shares commenced on 13 November 2009.

On 26 September 2011 the Company issued £40,000,000 nominal of 3.5% Convertible Unsecured Loan Stock 2018 ('CULS'). Holders of CULS are entitled to receive interest at a rate of 3.5% per annum payable semi-annually on 30 April and 30 September each year. Upon redemption CULS holders are entitled to repayment of the principal amount and any outstanding interest. CULS may be converted into ordinary shares on 30 April and 30 September each year; the conversion price will be 377.18p nominal CULS for one ordinary share.

On 28 September 2018 £34,509,566 nominal of CULS was repaid, in part using £14m drawn down from a new £20m loan facility.

On 2 October 2018 the Company issued 398 ordinary shares in connection with the exercise of £1,508 nominal of CULS.

No CULS remain in issue and there are 66,888,509 ordinary shares in issue.

#### NCIM Investment Team

Ian ('Franco') Francis  
Keith Watson  
Rob Crayfourd

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#### Company Broker

**Cantor Fitzgerald Europe**  
0207 894 8130

#### Market Makers

**Canaccord Genuity**  
0207 665 4500  
**Investec Investment Banking**  
0207 597 5028

**Cantor Fitzgerald Europe**  
0207 894 8130  
**Singers**  
0203 205 7500

**Cazenove**  
0207 558 8149  
**Stifel**  
0207 710 7600

**Cenkos**  
0207 397 8900  
**Winterfloods**  
0203 100 0258

**Fidante Capital**  
0207 832 0999

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